Distr.
GENERAL

IDB/S.7/5
3 April 1997

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Seventh special session
Vienna, 21-23 April 1997
Item 3 of the provisional agenda

FUTURE OF UNIDO

Paper submitted by Nigeria*

Note by the Secretariat

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V.97 22067 (E) (a\1997\pmo.1)

Distr.: 8 April 1997

Annex

NON-PAPER ON THE FUTURE ACTIVITIES AND STRUCTURE OF UNIDO

Introduction

1. UNIDO was established as an autonomous organization on 1 January 1967, following General Assembly resolution 2089(XX) of 20 December 1965. The decision to establish UNIDO was based on the poor industrial situation of the developing countries, particularly Africa and the least developed countries. Thirty years after that noble decision, the economies of these developing countries still continue to decline due to poor policies, which exacerbates the current crisis and militates against any successful industrialization in the regions, despite all the efforts made so far.

2. Although many documents show that 40 per cent of UNIDO's activities have been carried out in Africa, while other regions share the balance, there is not much to show for this in the level of industrialization of the region. It is a matter of concern that Africa has now become more impoverished than it was a decade ago. Evidence has shown that sub-Saharan Africa, excluding South Africa and Nigeria, recorded 1.4 per cent GDP growth, and a further decline may be expected unless serious efforts are made to rectify this situation. Concerted industrial activities should be carried out to increase the level of production in the region. A well-reformed and dynamic UNIDO is expected to play a significant role in the industrialization of these countries.

3. The coordinating role of UNIDO within the United Nations system in the field of industrial development cannot be over-emphasized. In fact, it should be strengthened. UNIDO should be given a renewed opportunity to enhance its contributions to the industrial development of developing countries. Of course, it should avoid duplication of functions which are the major areas of preoccupation of the other agencies within the system. UNIDO should not encroach on the mandates of other United Nations bodies but should focus its resources and activities on its areas of specialization. Any problem of coordination arising from parallel mandates between UNIDO and any other agencies should be properly harmonized. In this regard, Member States should provide the necessary legislative authority, through decisions and resolutions, to enhance the Organization's compliance with its mandates as listed in Article 2 of its Constitution.

4. It is expected that a streamlined UNIDO would be provided with sufficient financial resources and the necessary political good will to carry out these mandates. UNIDO should further improve its performance within the resources provided and to build upon its traditional strengths and expertise and concentrate in the areas that are of critical need to its clients, particularly the developing countries. These were the expectations envisaged by the Member States in Article 2 of the Constitution and also in the Yaoundé Declaration (resolution GC.5/Res.20) in which the restructuring was mandated in 1993.

5. However, recent events resulting in the withdrawal of the United States of America, the United Kingdom, and Australia—and concomitantly the loss of about 40 per cent of the Organization's resources—have proved that UNIDO can no longer continue in the same way or to feature in all the areas where it has been traditionally present. In the views of Member States, UNIDO should now concentrate its efforts in specific areas of specialization. It was because UNIDO had hitherto spread itself too thinly and had seemingly become less effective that Member States have raised questions whether it should continue to perform this traditional role or whether it should even continue to exist in any form or shape.

6. There have therefore been various suggestions regarding the future role, activities and structure of the Organization. It is, however, clear from all indications that an autonomous but streamlined UNIDO would continue to satisfy the expectations of all Member States.

I. PERCEIVED AREAS OF UNIDO'S FUTURE CONCENTRATION

7. UNIDO should continue to respond to the needs of developing countries and to satisfy the aspirations of all its Member States. Its relevance to the modern needs and desires of the Member States should be the guiding principle for establishing the parameters within which the Organization's activities should be defined.

8. It is expected that the universal nature of the Organization should make it relevant for all developing countries and the developed ones alike. Article 2 of the UNIDO Constitution clearly defines its mandates. This was in recognition of the fact that industry has a crucial role to play in the economic and social development of the developing countries. A diversified economic base is essential to the open and highly competitive world in this age of globalization. Without industrialization, the majority of the developing countries will not be able to combat poverty, provide adequately for basic needs, such as food and clothing, generate jobs and achieve economic advancement in an integrated and balanced way. These are as yet an unfinished assignment for the Organization, and they are the areas where it would continue to be useful in the interest of developing countries and of world peace.

9. A further need for UNIDO's continued existence is based on the fact that while countries of the North have developed to a post-industrial era, the South—and particularly Africa—still needs to achieve an adequate level of industrial development. A dynamic UNIDO is essential to help these countries develop their industries. Consequently, a reinvigorated UNIDO should focus its activities in the following areas:

(a) A continued expansion of investment appraisal and promotional activities through the development of investment projects and provision of databases that would allow international access to pre-investment studies carried out by the United Nations system and for which investment is being sought. An intensive development of information systems and services and activities at the enterprise level that would include details on ownership, location, technologies and markets in order to provide basic market information for potential foreign investors to developing countries, especially in Africa and the least developed countries.

(b) UNIDO should also continue to develop programmes that would promote the development of small- and medium-scale industries in general, with particular emphasis on agro-related industrial and rural development. It should also continue to strengthen the networking of institutions providing support to such enterprises by encouraging exchange of experience on a South-South as well as a North-South basis.

(c) The issue of the environment and sustainable development, which now occupies the central stage in the contemporary industrial consideration, should continue to occupy a considerable portion of the attention of UNIDO. UNIDO should therefore work towards increased environmentally sustainable industrial production in developing countries and assist in the areas of technical assistance, industrial feasibility studies, enterprise diagnosis and information systems. UNIDO should also continue to cooperate in activities concerned with the phasing out of ozone-depleting substances under the Montreal Protocol and promote activities to increase the level of energy generation and preservation.

(d) To further enhance the capacity of the developing countries, emphasis must continue to be laid on institutional capacity-building, including the development of human resources of the developing countries. Suitable projects should be designed to enhance the ability of the developing countries to cope with contemporary industrial activities, which now use very complex modern systems of management, sophisticated industrial technology and complex operational support activities. This should be on the basis of training of trainers and the provision of support services at the level of training institutions, at the level of technical colleges and higher technological institutions for training, in order to ensure that capacities for accelerated industrialization are guaranteed on the basis of increased competitiveness of developing country industries. The need for emphasis on human resources development is based on the very low level of manpower development in developing countries. It has been suggested that it could take Côte d'Ivoire about 65 years to reach the

human development indices of industrialized countries, while Mozambique is expected to take over two centuries to achieve the same result.[1] The situation thus deserves urgent and concerted efforts.

(e) Another area of importance where UNIDO could make some good effort is in the area of promotion of international industrial cooperation through the formulation of long-term national industrial policies, geared towards the development and enhancement of institutional capability and support services, assistance in the area of promotion of enterprise-to-enterprise partnerships and linkages. These are areas where UNIDO could continue to be very useful. Of course it should apply itself to justify the investment of both financial resources and good will.

II. SUGGESTED STRUCTURE FOR THE FUTURE UNIDO

10. A streamlined and dynamic UNIDO should operate within a four-department framework based on programmatic considerations to be determined by the Member States. In determining these departments, emphasis should be laid on the realities of our time and crucial needs of the developing countries for industrial activities.

11. In addition, UNIDO field representation should be strengthened. The Organization should introduce a system of decentralization whereby every Professional-level staff member should be eligible for transfer to the field. A future UNIDO should create and strengthen regional offices to be equipped with information and data facilities. Each regional office should be staffed by a Head/Director and at least five professionals and technicians, which would facilitate timely formulation and execution of projects at the field level without reverting to Headquarters. This would enhance efficiency in the rate of project approvals, thus reducing the time lag between the dispatch of project proposals to and from Headquarters. It would also lower the costs by reducing field missions and effectively address a problem frequently identified by Member States. Decentralization would also strengthen considerably the flexibility and the impact of the Organization.

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[1] *Focus ACP*, Vol. I, No. 1, p. 15. UNDP Human Development Report 1996, "Adieu to Trickle Down Theory".